

Dairy Forward Pricing Pilot Program

Information for the Complete Program Period, September 2000 through December 2004

USDA Agricultural Marketing Service, Dairy Programs, submitted a report to the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture entitled *A Study of the Dairy Forward Pilot Program and Its Effect on Prices Paid Producers for Milk*, October 2002. The report covers the period from September 2000, the first fully operational month of the program, through March 2002. Dairy Programs continued to collect data concerning the program after the study period. The tables and figures on the following pages present data covering the period from September 2000 through the end of the program on December 31, 2004.

Table 1: Average Monthly Prices for Contracted Milk Volumes in Eight Orders^{1/}: With Contract, Without Contract, and at Federal Order Minimum Prices^{2/}

Year and Month	Weighted average prices at test			Price differences	
	Contract price	Non-contract price (had there been no contract)	Federal order minimum blend price	Contract minus no contract	Contract minus Federal order blend price
	\$/cwt.			\$/cwt.	
2000					
Sept.	14.029	13.088	11.821	0.941	2.208
Oct.	14.273	13.127	11.416	1.146	2.857
Nov.	14.786	12.039	10.829	2.747	3.957
Dec.	14.671	12.725	11.502	1.946	3.169
2001					
Jan.	14.009	12.860	11.656	1.149	2.353
Feb.	13.821	13.052	11.729	0.769	2.092
Mar.	13.858	14.154	12.754	-0.296	1.105
Apr.	13.569	14.544	13.326	-0.975	0.242
May	13.396	16.053	14.803	-2.657	-1.407
Jun.	13.406	16.911	15.604	-3.506	-2.198
Jul.	13.382	17.104	15.787	-3.722	-2.405
Aug.	13.226	17.013	15.961	-3.786	-2.735
Sept.	13.819	17.753	16.683	-3.934	-2.864
Oct.	14.046	16.646	15.501	-2.600	-1.454
Nov.	14.308	14.060	13.338	0.248	0.970
Dec.	13.774	13.777	12.832	-0.003	0.943
2002					
Jan.	14.671	14.038	12.955	0.634	1.717
Feb.	14.860	13.833	12.664	1.027	2.196
Mar.	14.454	12.790	11.926	1.664	2.528
Apr.	14.157	12.705	11.803	1.453	2.354
May	14.076	12.437	11.587	1.639	2.489
Jun.	13.948	11.729	10.966	2.220	2.982
Jul.	13.875	11.021	10.278	2.854	3.597
Aug.	14.059	11.196	10.462	2.864	3.597
Sept.	14.100	11.505	10.774	2.595	3.326
Oct.	14.547	12.630	11.656	1.918	2.891
Nov.	14.389	11.880	11.125	2.509	3.265
Dec.	14.293	11.870	10.995	2.423	3.298

Study Period		
Sept. 2000-Mar. 2002 Averages		
Contract	Non-contract	FMMO
14.019	14.504	13.320

(Table 1 continued on following page.)

Table 1 Continued: Average Monthly Prices for Contracted Milk Volumes in Seven Orders^{1/}: With Contract, Without Contract, and at Federal Order Minimum Prices^{2/}

Year and Month	Weighted average prices at test			Price differences				
	Contract price	Non-contract price (had there been no contract)	Federal order minimum blend price	Contract minus no contract	Contract minus Federal order blend price			
	\$/cwt.			\$/cwt.				
2003								
Jan.	14.264	12.029	10.989	2.235	3.275			
Feb.	13.930	11.514	10.622	2.417	3.308			
Mar.	13.728	10.994	10.152	2.734	3.576			
Apr.	13.632	11.109	10.216	2.523	3.416			
May	13.454	11.289	10.367	2.165	3.087			
Jun.	13.417	11.277	10.289	2.140	3.129			
Jul.	13.586	12.533	11.079	1.053	2.508			
Aug.	13.701	13.927	12.156	-0.225	1.545			
Sept.	14.105	15.826	13.796	-1.721	0.309			
Oct.	14.384	16.334	14.365	-1.951	0.018			
Nov.	14.199	15.576	13.962	-1.376	0.238			
Dec.	14.080	14.137	13.208	-0.057	0.872			
2004								
Jan. ^{3/}	14.082	13.787	12.727	0.295	1.355			
Feb. ^{3/}	14.040	14.214	13.120	-0.174	0.920			
Mar.	14.464	16.695	15.561	-2.232	-1.097			
Apr.	16.058	20.583	15.808	-4.525	0.250			
May	15.802	21.781	18.734	-5.978	-2.932			
Jun. ^{3/}	15.366	19.079	18.040	-3.714	-2.674			
Jul.	14.961	16.628	15.796	-1.666	-0.835			
Aug.	15.322	15.858	14.556	-0.536	0.766			
Sept.	15.434	16.396	15.066	-0.961	0.368			
Oct.	15.927	16.595	15.363	-0.667	0.565			
Nov.	14.890	16.956	15.585	-2.066	-0.695			
Dec.	14.623	17.602	15.674	-2.979	-1.051			
						Apr. 2002-Dec. 2004 Averages		
Average	14.255	14.332	13.076	-0.077	1.179	Contract	Non-contract	FMMO
St. Dev.	0.664	2.575	2.223	-1.912	-1.560	14.391	14.233	12.936
Minimum	13.226	10.994	10.152	2.232	3.075			
Maximum	16.058	21.781	18.734	-5.723	-2.676			
Range	2.832	10.787	8.583	-7.955	-5.751			

1/ Eight Orders refers to the eight Federal orders with participation in the Dairy Forward Pricing Program since it began--the Appalachian, Central, Mideast, Northeast, Pacific Northwest, Southeast, Upper Midwest, and Western orders. Effective April 1, 2004, the Western order was terminated.

2/ For a detailed description of how average prices are computed, see Appendix D of *A Study of the Dairy Forward Pricing Program and Its Effect on Prices paid Producers for Milk*, USDA-AMS Dairy Programs, October 2002.

3/ Prices have been revised for January, February, and June of 2004.

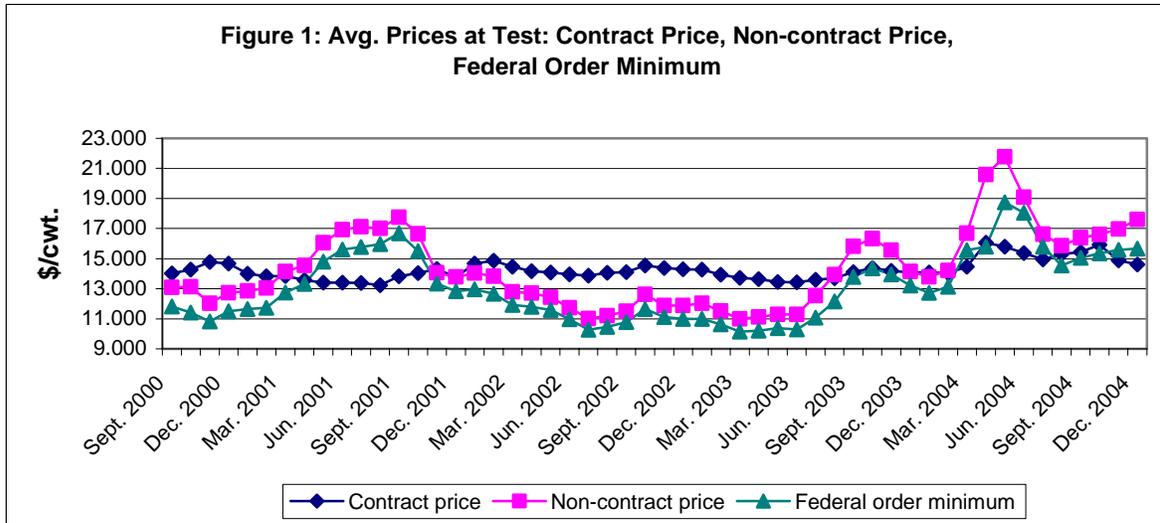


Table 2: Program^{1/} Contracting Producers Categorized by Total Pounds Delivered Per Month

Year and month	Delivery pounds per month								Total number of producers per month
	100,000 or less		100,000 to 400,000		400,000 to 1 million		1 million or more		
	# of producers	Percent	# of producers	Percent	# of producers	Percent	# of producers	Percent	
2000									
Sept.	171	56.3	109	35.9	15	4.9	9	3.0	304
Oct.	170	53.6	116	36.6	22	6.9	9	2.8	317
Nov.	183	56.5	111	34.3	18	5.6	12	3.7	324
Dec.	171	53.6	118	37.0	18	5.6	12	3.8	319
2001									
Jan.	505	50.8	413	41.5	51	5.1	25	2.5	994
Feb.	554	55.1	372	37.0	52	5.2	27	2.7	1005
Mar.	498	48.3	438	42.4	66	6.4	30	2.9	1032
Apr.	558	48.9	470	41.2	75	6.6	38	3.3	1141
May	318	40.8	348	44.6	72	9.2	42	5.4	780
Jun.	356	43.5	340	41.5	80	9.8	43	5.3	819
Jul.	359	41.5	373	43.1	84	9.7	49	5.7	865
Aug.	361	41.4	359	41.1	89	10.2	64	7.3	873
Sept.	379	43.4	347	39.7	85	9.7	62	7.1	873
Oct.	351	42.7	347	42.2	85	10.3	39	4.7	822
Nov.	306	41.2	295	39.7	82	11.0	60	8.1	743
Dec.	279	38.7	294	40.8	82	11.4	66	9.2	721

Table 2 continued on the following page.

Table 2 Continued: Program^{1/} Contracting Producers Categorized by Total Pounds Delivered Per Month

Year and month	Delivery pounds per month								Total number of producers per month
	100,000 or less		100,000 to 400,000		400,000 to 1 million		1 million or more		
	# of producers	Percent	# of producers	Percent	# of producers	Percent	# of producers	Percent	
2002									
Jan.	33	19.5	59	34.9	37	21.9	40	23.7	169
Feb.	34	24.8	54	39.4	23	16.8	26	19.0	137
Mar.	27	15.8	69	40.4	35	20.5	40	23.4	171
Apr.	37	19.9	76	40.9	32	17.2	41	22.0	186
May	40	21.9	70	38.3	33	18.0	40	21.9	183
Jun.	44	23.4	72	38.3	32	17.0	40	21.3	188
Jul.	48	23.9	80	39.8	33	16.4	40	19.9	201
Aug.	41	20.6	79	39.7	35	17.6	44	22.1	199
Sept.	50	24.5	76	37.3	35	17.2	43	21.1	204
Oct.	47	27.3	71	41.3	25	14.5	29	16.9	172
Nov.	45	23.4	74	38.5	30	15.6	43	22.4	192
Dec.	43	22.8	70	37.0	32	16.9	44	23.3	189
2003 ^{2/}									
Jan.	50	27.8	51	28.3	30	16.7	49	27.2	180
Feb.	56	28.0	59	29.5	36	18.0	49	24.5	200
Mar.	52	25.1	62	30.0	37	17.9	56	27.1	207
Apr.	54	25.2	61	28.5	45	21.0	54	25.2	214
May	43	18.9	78	34.2	44	19.3	63	27.6	228
Jun.	53	21.6	82	33.5	50	20.4	60	24.5	245
Jul.	9	23.7	13	34.2	7	18.4	9	23.7	38
Aug.	19	24.1	29	36.7	15	19.0	16	20.3	79
Sept.	13	21.3	22	36.1	12	19.7	14	23.0	61
Oct.	11	19.3	20	35.1	13	22.8	13	22.8	57
Nov.	54	23.8	78	34.4	51	22.5	44	19.4	227
Dec.	77	21.4	119	33.1	76	21.1	88	24.4	360
2004 ^{2/}									
Jan.	26	12.3	71	33.6	49	23.2	65	30.8	211
Feb.	29	13.6	72	33.8	50	23.5	62	29.1	213
Mar.	9	15.0	16	26.7	16	26.7	19	31.7	60
Apr.	35	23.6	76	51.4	19	12.8	18	12.2	148
May	44	25.7	93	54.4	20	11.7	14	8.2	171
Jun.	122	23.6	241	46.5	87	16.8	68	13.1	518
Jul.	91	20.2	188	41.7	88	19.5	84	18.6	451
Aug.	84	21.2	194	48.9	71	17.9	48	12.1	397
Sept.	71	31.6	104	46.2	30	13.3	20	8.9	225
Oct.	76	22.8	146	43.7	65	19.5	47	14.1	334
Nov.	19	18.8	36	35.6	26	25.7	20	19.8	101
Dec.	19	24.7	22	28.6	19	24.7	17	22.1	77
Average	137	30	147	38	45	16	40	16	368

1/ Program refers to Dairy Forward Pricing Program.

2/ The apparent reductions in forward contract activity in July-Nov. of 2003, Jan.-May 2004, Sept. 2004, and Nov.-Dec. 2004 are primarily a result of handlers' depooling of milk in these months. Economic conditions and the Federal order system created conditions that made depooling both contract and non-contract milk advantageous to handlers. Although forward contracts for depooled milk generally remained active during these periods, contracts for depooled milk were outside the scope of the Program. Effective April 1, 2004, the Western order was terminated.

Figure 2: Number of Producers Categorized by Pounds of Total Deliveries Per Month

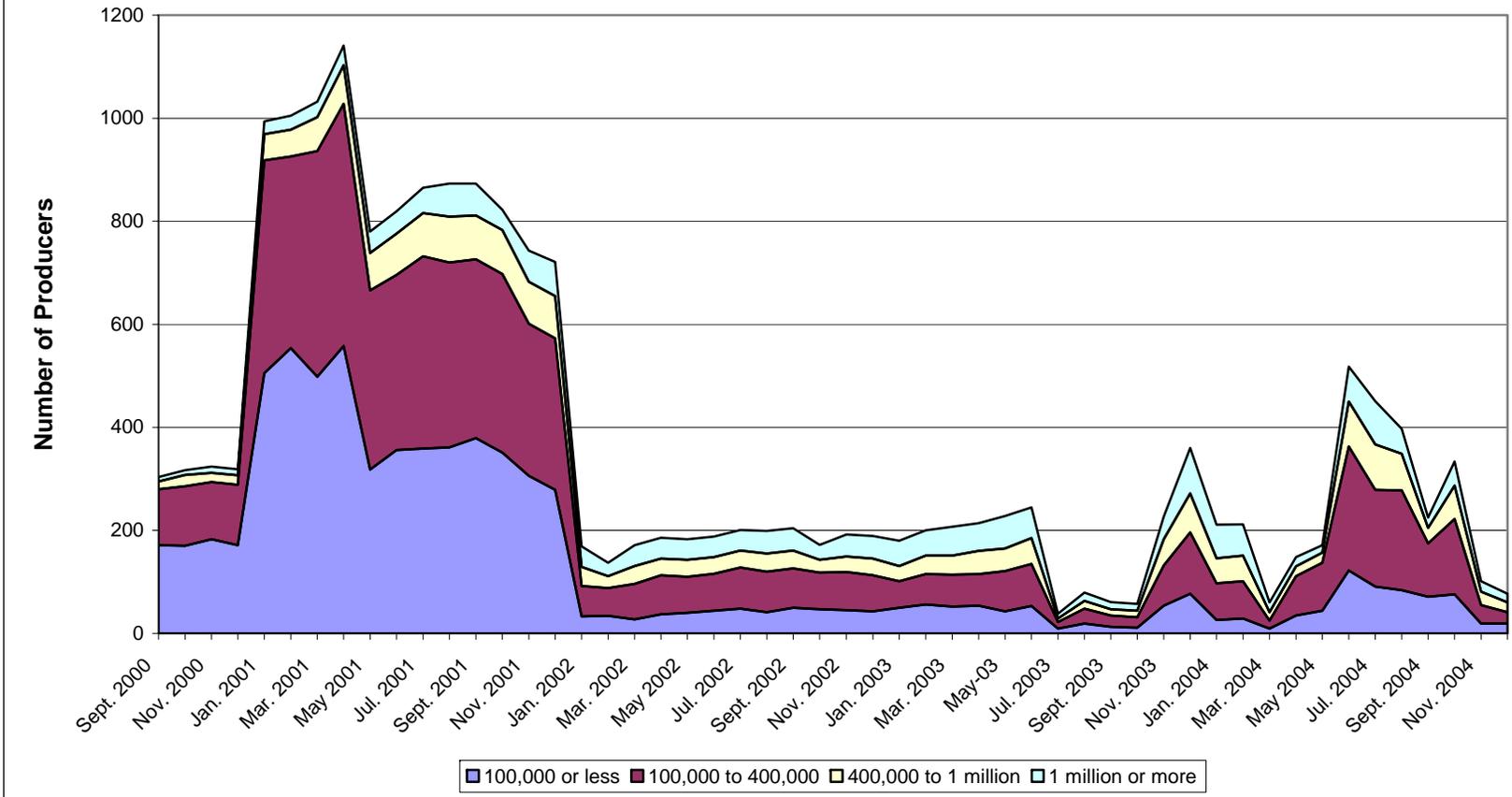


Table 3: Contract Milk Price Comparisons^{1/}, Eight Orders^{2/} by Signing and Delivery Quarter Combination

Table 3a: Prices received for contract milk (\$/cwt, at test)

Signing Quarter	Delivery quarter																	
	2000 3 rd	2000 4 th	2001 1 st	2001 2 nd	2001 3 rd	2001 4 th	2002 1 st	2002 2 nd	2002 3 rd	2002 4 th	2003 1 st	2003 2 nd	2003 3 rd	2003 4 th	2004 ^{3/} 1 st	2004 ^{3/} 2 nd	2004 3 rd	2004 4 th
2000																		
3 rd	13.911	14.599	14.115	13.788	13.579	14.087	R											
4 th	---	R	13.791	13.580	13.368	13.950	R											
2001																		
1 st	---	---	14.146	12.780	12.710	12.968	14.025	R										
2 nd	---	---	---	14.963	14.753	14.762	14.168	14.329	R	R	R	R	---	R	R	---	R	R
3 rd	---	---	---	---	15.648	16.008	15.901	15.576	15.318	15.581	R	R						
4 th	---	---	---	---	---	15.377	14.012	13.578	13.602	13.942	R	R						
2002																		
1 st	---	---	---	---	---	---	13.665	13.102	13.525	14.010	13.808	13.540	R	R				
2 nd	---	---	---	---	---	---	---	13.497	13.711	13.849	13.074	12.788	---	13.561				
3 rd	---	---	---	---	---	---	---	---	13.978	14.238	13.586	13.342	13.841	14.204	14.511	R	R	R
4 th	---	---	---	---	---	---	---	---	---	14.571	13.658	13.223	13.242	14.117	13.658	R	13.112	R
2003																		
1 st	---	---	---	---	---	---	---	---	---	---	13.038	13.357	14.151	14.361	14.426	14.393	14.276	R
2 nd	---	---	---	---	---	---	---	---	---	---	---	12.630	13.273	13.669	14.010	15.084	15.018	R
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	14.248	13.811	13.917	13.856	13.843	15.395
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	15.022	13.651	13.666	13.992	14.575
2004																		
1 st	---	---	---	---	---	---	---	---	---	---	---	---	---	---	13.584	17.006	15.922	16.060
2 nd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	18.447	17.163	17.266
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	16.177	16.439
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	16.160

(Table 3 continued on next page.)

Table 3 Continued: Contract Milk Price Comparisons^{1/}, Eight Orders^{2/} by Signing and Delivery Quarter Combination

Table 3b: Prices had there been no forward contracts (\$/cwt, at test)

Signing Quarter	Delivery quarter																		
	2000 3 rd	2000 4 th	2001 1 st	2001 2 nd	2001 3 rd	2001 4 th	2002 1 st	2002 2 nd	2002 3 rd	2002 4 th	2003 1 st	2003 2 nd	2003 3 rd	2003 4 th	2004 ^{3/} 1 st	2004 ^{3/} 2 nd	2004 3 rd	2004 4 th	
2000																			
3 rd	12.992	12.628	13.470	15.852	17.335	15.189	R												
4 th	---	R	13.304	16.001	17.694	15.109	R												
2001																			
1 st	---	---	14.411	15.154	16.700	13.950	13.662	R											
2 nd	---	---	---	16.931	17.644	14.959	13.332	12.736	R	R	R	R	---	R	R	---	R	R	
3 rd	---	---	---	---	17.839	15.554	14.237	13.022	11.813	12.510	R	R							
4 th	---	---	---	---	---	14.019	12.966	11.935	11.011	11.780	R	R							
2002																			
1 st	---	---	---	---	---	---	11.908	11.626	10.633	11.654	10.941	11.048	R	R					
2 nd	---	---	---	---	---	---	---	11.737	10.904	11.655	10.918	10.717	---	13.812					
3 rd	---	---	---	---	---	---	---	---	12.160	12.500	11.385	11.181	13.939	15.117	15.139	R	R	R	
4 th	---	---	---	---	---	---	---	---	---	12.468	11.324	10.994	13.943	14.652	13.610	R	15.370	R	
2003																			
1 st	---	---	---	---	---	---	---	---	---	---	10.894	11.279	14.220	15.393	14.872	20.537	16.382	R	
2 nd	---	---	---	---	---	---	---	---	---	---	---	11.669	15.235	14.461	14.606	19.853	16.296	R	
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	14.771	14.233	14.190	19.361	16.177	16.779	
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	15.465	13.952	19.094	16.047	16.620	
2004																			
1 st	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	13.703	20.018	16.231	16.825
2 nd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	19.669	16.343	17.003	
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	16.544	17.241	
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	17.811

(Table 3 continued on next page.)

Table 3c: Contract price minus non-contract price (\$/cwt)

Signing Quarter	Delivery quarter																		
	2000 3 rd	2000 4 th	2001 1 st	2001 2 nd	2001 3 rd	2001 4 th	2002 1 st	2002 2 nd	2002 3 rd	2002 4 th	2003 1 st	2003 2 nd	2003 3 rd	2003 4 th	2004 ^{3/} 1 st	2004 ^{3/} 2 nd	2004 3 rd	2004 4 th	
2000																			
3 rd	0.919	1.971	0.645	-2.064	-3.756	-1.102	R												
4 th	---	R	0.487	-2.421	-4.326	-1.159	R												
2001																			
1 st	---	---	-0.265	-2.374	-3.990	-0.982	0.364	R											
2 nd	---	---	---	-1.968	-2.891	-0.197	0.836	1.593	R	R	R	R	---	R	R	---	R	R	
3 rd	---	---	---	---	-2.191	0.454	1.664	2.554	3.505	3.071	R	R							
4 th	---	---	---	---	---	1.357	1.046	1.644	2.590	2.163	R	R							
2002																			
1 st	---	---	---	---	---	---	1.757	1.476	2.892	2.356	2.867	2.492	R	R					
2 nd	---	---	---	---	---	---	---	1.760	2.806	2.195	2.156	2.071	---	-0.250					
3 rd	---	---	---	---	---	---	---	---	1.818	1.738	2.201	2.161	-0.098	-0.913	-0.628	R	R	R	
4 th	---	---	---	---	---	---	---	---	---	2.103	2.334	2.229	-0.701	-0.535	0.047	R	-2.258	R	
2003																			
1 st	---	---	---	---	---	---	---	---	---	---	2.144	2.078	-0.069	-1.032	-0.446	-6.144	-2.105	R	
2 nd	---	---	---	---	---	---	---	---	---	---	---	0.961	-1.963	-0.792	-0.596	-4.768	-1.278	R	
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	-0.523	-0.422	-0.273	-5.505	-2.335	-1.385	
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	-0.444	-0.301	-5.428	-2.055	-2.044	
2004																			
1 st	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	-0.119	-3.012	-0.310	-0.764
2 nd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	-1.221	0.820	0.263
3 rd	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	-0.367	-0.801
4 th	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	-1.651

R=Restricted data. Data provided by fewer than three parties is considered restricted because aggregation of such information may not prevent individual disclosure.

1/ For a detailed description of how average prices are computed, see Appendix D of *A Study of the Dairy Forward Pricing Pilot Program and Its Effect on Prices Paid Producers for Milk*, USDA-AMS Dairy Programs, October 2002.

2/ Eight Orders refers to the eight Federal orders with participation in the Program since it began—the Appalachian, Central, Mideast, Northeast, Pacific Northwest, Southeast, Upper Midwest, and Western orders. Effective April 1, 2004, the Western order was terminated.

3/ Revised for some contracts with deliveries in the first half of 2004.

Table 4: Number of Handlers Receiving Forward Contract Milk Under the Program^{1/} by Federal Milk Marketing Order

	Northeast	Southeast	Appalachian	Central	Mideast	Pacific Northwest	Western	Upper Midwest	Seven Orders ^{2/}	Eight Orders ^{2/}
2000										
Sept.	---	1	---	3	1	---	1	2	6	6
Oct.	---	1	---	3	1	---	1	2	5	6
Nov.	---	1	---	3	1	---	1	3	5	6
Dec.	---	1	---	3	1	---	1	3	5	6
2001										
Jan.	---	1	---	3	1	---	---	8	4	10
Feb.	---	1	---	3	1	---	---	10	4	12
Mar.	---	1	---	3	1	---	---	10	4	12
Apr.	1	1	---	3	2	---	---	11	6	14
May	2	1	---	4	2	---	---	12	7	16
June	2	1	---	4	3	---	2	11	10	19
July	2	1	---	4	3	---	1	12	9	19
Aug.	2	1	---	4	3	---	2	14	10	20
Sept.	2	1	---	4	2	1	2	14	10	21
Oct.	2	1	---	4	2	1	1	14	9	21
Nov.	2	1	---	4	2	1	2	13	10	20
Dec.	2	1	---	4	2	1	2	12	10	19
2002										
Jan.	2	---	---	4	2	1	1	11	9	17
Feb.	2	---	---	4	2	1	1	10	9	17
Mar.	2	---	---	4	2	1	1	10	9	16
Apr.	1	---	---	3	3	1	---	9	7	13
May	1	---	---	4	3	1	---	9	8	14
Jun.	1	---	---	4	3	1	---	8	8	13
Jul.	1	---	---	4	3	1	1	9	9	14
Aug.	1	---	---	4	1	1	1	9	7	13
Sept.	1	---	---	4	1	1	1	7	7	12
Oct.	1	---	---	3	1	1	1	8	6	13
Nov.	1	---	---	3	1	1	1	9	6	13
Dec.	1	---	---	3	1	1	1	10	6	13

(Table 4 continued on next page.)

Table 4 Continued: Number of Handlers Receiving Forward Contract Milk Under the Program^{1/} by Federal Milk Marketing Order

	Northeast	Southeast	Appalachian	Central	Mideast	Pacific Northwest	Western	Upper Midwest	Seven Orders ^{2/}	Eight Orders ^{2/}
2003 ^{3/}										
Jan.	1	---	---	3	1	1	1	10	6	14
Feb.	1	---	---	3	1	1	1	11	6	15
Mar.	1	---	---	3	1	1	1	12	6	16
Apr.	1	---	---	4	1	1	1	12	7	17
May	1	---	---	4	1	1	1	13	7	18
Jun.	1	---	---	4	1	1	1	14	7	19
Jul.	1	---	---	1	---	---	2	5	4	8
Aug.	1	---	---	1	1	---	2	9	5	13
Sept.	1	---	---	1	1	---	1	8	4	11
Oct.	1	---	---	1	---	---	2	9	4	12
Nov.	1	---	---	4	2	---	2	13	8	19
Dec.	1	---	1	4	2	1	2	16	10	22
2004 ^{3/}										
Jan.	---	---	2	4	2	1	1	14	8	20
Feb.	---	---	2	4	2	1	1	13	8	19
Mar.	---	---	1	1	1	1	1	9	5	13
Apr.	---	---	1	2	---	---	---	8	3	10
May	---	---	1	1	---	---	---	10	2	11
Jun.	---	---	2	4	2	1	---	15	7	20
July	---	---	1	4	2	1	---	15	7	20
Aug.	---	---	1	4	2	1	---	14	7	19
Sept.	---	---	2	1	2	---	---	13	4	15
Oct.	---	---	2	4	2	1	---	14	7	19
Nov.	---	---	2	1	2	---	---	13	4	15
Dec.	---	---	2	1	---	---	---	13	3	15

1/ Program refers to the Dairy Forward Pricing Program.

2/ The Upper Midwest Milk Marketing Order had by far the most Program activity. Data is presented to allow comparisons of numbers of participating handlers receiving contract milk in the Upper Midwest to the other orders with participation. Eight Orders refers to the Federal milk marketing orders with participation in the program. These include the Appalachian, Central, Mideast, Northeast, Pacific Northwest, Southeast, Upper Midwest, and Western orders. Effective April 1, 2004, the Western order was terminated. Seven Orders refers to all of these orders except for the Upper Midwest. The number of handlers for the Seven Orders and Eight Orders is not simply the sum of the handlers for the individual orders because some Program participating handlers had pooled milk in more than one order. For most information in the study, insufficient data was available to be presented in disaggregation beyond the Seven Orders. Thus, to maintain comparability, the Seven orders category is included in the study's handler tables. This updated table maintains the categories.

3/ The apparent reductions in forward contract activity in July-Nov. of 2003, Jan.-May 2004, Sept. 2004, and Nov.-Dec. 2004 are primarily a result of handlers' depooling of milk in these months. Economic conditions and the Federal order pricing system created conditions that made depooling both contract and non-contract milk advantageous to handlers. Although forward contracts for depooled milk generally remained active during these periods, contracts for depooled milk were outside the scope of the Program. Effective April 1, 2004, the Western order was terminated.

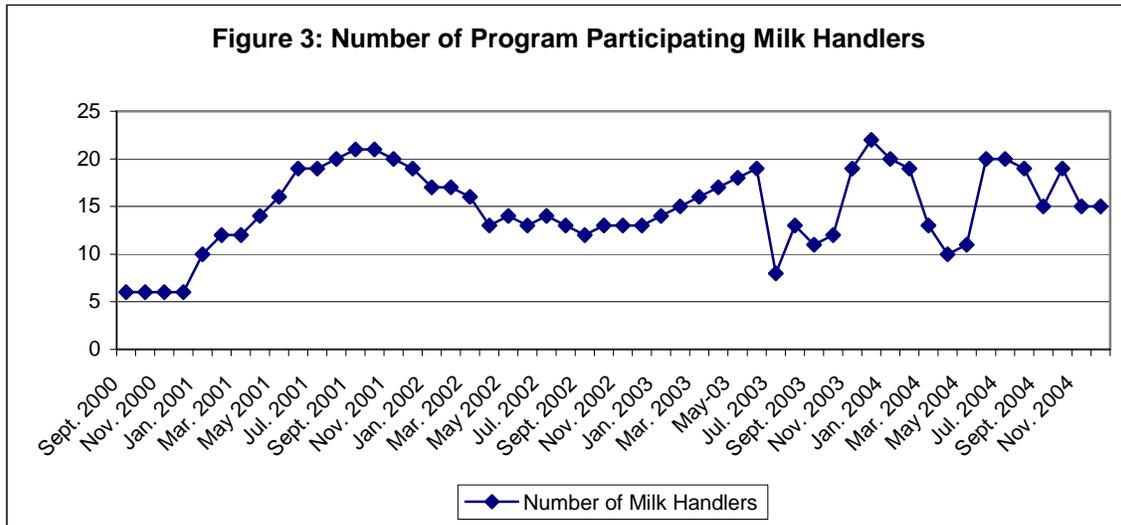


Table 5: Milk Volumes and Gross Cash Receipts for Contract Milk in Eight Orders^{1/} With Comparisons

Year and Month	Milk Volumes ^{2/}		Gross cash receipts before deductions for hauling, promotion, and marketing charges				Differences in gross cash receipts	
	Total pooled milk of Program ^{3/} producers	Contract milk	Total pooled milk of Program producers	Contract milk	Contract milk had there been no contract	Contract milk at Federal order minimum prices	Contract minus no contract	Contract minus Federal order minimum
	1000s lbs.		\$1,000					
2000								
Sept.	58,764.7	46,592.3	8,112.1	6,536.3	6,097.8	5,507.7	438.5	1,028.6
Oct.	65,796.1	51,287.6	9,179.0	7,320.5	6,732.5	5,855.0	588.0	1,465.4
Nov.	67,250.8	53,143.8	9,547.5	7,857.7	6,398.1	5,755.0	1,459.6	2,102.7
Dec.	71,402.2	54,456.4	10,169.0	7,989.4	6,929.5	6,263.7	1,059.9	1,725.7
2001								
Jan.	181,713.3	127,384.0	24,785.0	17,845.2	16,381.3	14,847.9	1,463.9	2,997.3
Feb.	180,275.9	126,135.4	24,581.6	17,433.1	16,463.4	14,793.9	969.7	2,639.2
Mar.	212,767.2	144,748.2	29,760.8	20,059.6	20,488.0	18,460.6	-428.4	1,599.0
Apr.	251,424.6	176,840.5	35,149.2	23,994.7	25,719.6	23,566.4	-1,724.8	428.4
May	221,123.1	142,175.4	32,061.8	19,046.5	22,823.6	21,046.5	-3,777.1	-2,000.1
Jun.	230,861.1	151,544.5	34,014.6	20,315.8	25,628.2	23,646.9	-5,312.5	-3,331.1
Jul.	243,640.2	169,016.0	35,434.1	22,617.7	28,909.2	26,681.8	-6,291.5	-4,064.2
Aug.	291,887.9	195,752.7	42,283.0	25,890.8	33,303.0	31,244.5	-7,412.2	-5,353.7
Sept.	290,659.5	205,016.2	43,505.3	28,331.7	36,397.2	34,202.8	-8,065.5	-5,871.1
Oct.	236,533.4	170,891.6	34,946.1	24,004.0	28,447.3	26,489.4	-4,443.3	-2,485.4
Nov.	282,415.6	195,199.0	40,053.1	27,929.3	27,445.3	26,036.3	483.9	1,892.9
Dec.	298,089.6	199,839.9	41,103.3	27,526.7	27,532.3	25,643.0	-5.6	1,883.8

(Table 5 continued on next page.)

Table 5 Continued: Milk Volumes and Gross Cash Receipts for Contract Milk in Eight Orders^{1/} With Comparisons

Year and Month	Milk Volumes		Gross cash receipts before deductions for hauling, promotion, and marketing charges				Differences in gross cash receipts	
	Total pooled milk of Program ^{3/} producers	Contract milk	Total pooled milk of Program producers	Contract milk	Contract milk at Federal order minimum prices		Contract minus no contract	Contract minus Federal order minimum
					had there been no contract	order minimum prices		
	<i>1000s lbs.</i>		<i>\$1,000</i>					
2002								
Jan.	150,619.4	86,514.1	21,565.8	12,692.9	12,144.7	11,207.6	548.1	1,485.3
Feb.	103,385.6	74,383.1	15,071.7	11,053.3	10,289.2	9,420.0	764.0	1,633.3
Mar.	161,509.9	100,636.4	22,264.2	14,546.2	12,871.8	12,002.3	1,674.4	2,543.9
Apr.	169,616.8	111,936.9	23,197.4	15,847.4	14,221.2	13,212.1	1,626.2	2,635.3
May	171,402.9	114,675.4	23,243.9	16,141.2	14,261.7	13,287.5	1,879.5	2,853.7
Jun.	174,693.2	120,869.2	23,176.8	16,859.4	14,176.4	13,254.7	2,683.0	3,604.7
Jul.	181,001.6	122,411.0	23,374.0	16,985.1	13,491.5	12,581.3	3,493.5	4,403.7
Aug.	194,021.3	127,905.1	25,303.9	17,982.7	14,320.1	13,382.1	3,662.6	4,600.6
Sept.	193,506.4	132,480.0	25,729.4	18,679.5	15,241.2	14,273.5	3,438.3	4,406.0
Oct.	130,760.1	97,795.8	18,470.0	14,228.9	12,353.0	11,400.9	1,875.9	2,828.0
Nov.	177,801.2	121,884.1	24,128.5	17,538.2	14,480.3	13,559.1	3,057.9	3,979.1
Dec.	183,137.9	120,491.9	24,603.6	17,215.0	14,296.9	13,242.8	2,918.1	3,972.2
2003								
Jan.	170,436.8	101,713.6	22,418.2	14,508.8	12,235.5	11,177.7	2,273.2	3,331.1
Feb.	173,731.2	110,138.9	22,412.6	15,342.4	12,680.9	11,699.1	2,661.6	3,643.3
Mar.	206,747.6	128,883.4	25,935.6	17,692.5	14,169.4	13,083.7	3,523.1	4,608.8
Apr.	209,944.4	129,994.4	26,300.5	17,721.3	14,441.3	13,280.6	3,280.0	4,440.7
May	228,531.2	137,028.5	28,484.6	18,436.2	15,469.3	14,205.7	2,966.9	4,230.5
Jun.	205,724.7	127,456.4	25,685.1	17,101.0	14,373.1	13,113.4	2,727.9	3,987.6
Jul.	37,986.8	30,255.5	5,078.9	4,110.6	3,792.0	3,351.9	318.6	758.7
Aug.	56,980.8	39,441.3	7,960.4	5,403.9	5,492.8	4,794.6	-88.9	609.3
Sept.	50,086.4	36,982.5	7,259.4	5,216.5	5,852.8	5,102.2	-636.3	114.3
Oct.	50,267.2	37,312.1	7,452.8	5,366.9	6,094.7	5,360.1	-727.8	6.8
Nov.	143,234.1	89,662.0	20,984.2	12,731.5	13,965.7	12,518.2	-1,234.2	213.4
Dec.	295,730.0	194,035.2	41,667.3	27,319.7	27,430.1	25,627.6	-110.3	1,692.1

(Table 5 continued on next page.)

Table 5 Continued: Milk Volumes and Gross Cash Receipts for Contract Milk in Eight Orders^{1/} With Comparisons

Year and Month	Milk Volumes		Gross cash receipts before deductions for hauling,				Differences in gross cash	
	Total pooled milk of Program ^{3/} producers	Contract milk	Total pooled milk of Program producers	Contract milk	Contract milk at Federal order minimum prices		Contract minus no contract	Contract minus Federal order minimum
					had there been no contract	Contract milk		
	1000s lbs.		\$1,000					
2004								
Jan. ^{4/}	226,141.5	142,678.1	31,535.1	20,091.6	19,670.4	18,158.6	421.2	1,933.0
Feb. ^{4/}	213,545.4	137,612.7	30,126.1	19,321.2	19,560.4	18,055.2	-239.2	1,266.0
Mar.	77,391.3	55,367.8	11,727.3	8,008.3	9,243.9	8,615.7	-1,235.6	-607.4
Apr.	73,670.6	53,107.8	12,924.6	8,528.0	10,931.3	8,395.3	-2,403.3	132.7
May	73,633.6	52,611.5	12,960.1	8,313.8	11,459.1	9,856.5	-3,145.4	-1,542.7
Jun. ^{4/}	281,924.6	187,322.2	46,784.5	28,783.2	35,739.6	33,792.8	-6,956.4	-5,009.6
Jul.	321,475.3	215,751.3	49,802.9	32,278.9	35,874.3	34,079.8	-3,595.4	-1,800.9
Aug.	230,918.0	150,642.1	35,881.2	23,080.7	23,888.2	21,927.3	-807.4	1,153.4
Sept.	93,315.5	66,899.6	14,703.5	10,325.4	10,968.5	10,079.3	-643.1	246.1
Oct.	218,817.7	145,944.9	35,347.7	23,245.2	24,219.0	22,421.3	-973.8	823.9
Nov.	75,786.1	49,807.4	11,933.5	7,416.3	8,445.2	7,762.7	-1,028.9	-346.4
Dec.	62,210.4	41,784.6	9,857.1	6,110.1	7,355.0	6,549.1	-1,244.9	-439.0
Totals	8,597,478.4	5,766,903.4	1,214,899.4	814,150.9	821,177.6	757,140.8	-7,026.6	57,010.2

1/ Eight Orders refers to the eight Federal orders with participation in the Program since it began--the Appalachian, Central, Mideast, Northeast, Pacific Northwest, Southeast, Upper Midwest, and Western orders. Effective April 1, 2004, the Western order was terminated.

2/ The apparent reductions in forward contract activity in July-Nov. of 2003, Jan.-May 2004, Sept. 2004, and Nov.-Dec. 2004 are primarily a result of handlers' depooling of milk in these months. Economic conditions and the Federal order pricing system created conditions that made depooling both contract and non-contract milk advantageous to handlers. Although forward contracts for depooled milk generally remained active during these periods, contracts for depooled milk were outside the scope of the Program. Effective April 1, 2004, the Western order was terminated.

3/ Program refers to the Dairy Forward Pricing Pilot Program.

4/ Data have been revised for January, February, and June 2004.

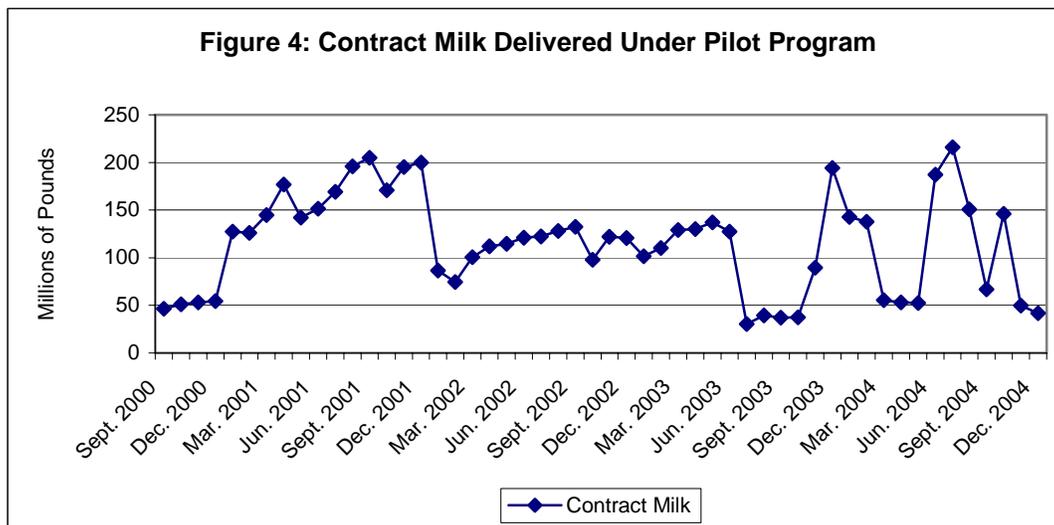


Table 6. Program Participating Producers ¹ by State for the Period From September 2000 through December 2004

State	Number of Producers	Percent
Wisconsin	1113	55.54
Minnesota	477	23.80
Idaho	134	6.69
South Dakota	76	3.79
Illinois	53	2.64
Iowa	53	2.64
New York ²	32	1.60
Ohio	29	1.45
Missouri	11	0.55
Arkansas	6	0.30
Nebraska	5	0.25
Oklahoma	3	0.15
Oregon	3	0.15
Pennsylvania	3	0.15
Michigan	2	0.10
Utah	2	0.10
Tennessee	1	0.05
Indiana	1	0.05
Total	2,004	100.00

¹ Program Participating Producers refers to the total number of producers who delivered contract milk as part of the Dairy Forward Pricing Pilot Program.

² The number of producers for New York was revised from 37 to 32 for the study period of September 2000 through March 2002. The count for the total number of producers for the Program during the study period was revised from 1452 to 1447.